

**CHARTER TOWNSHIP OF BLOOMFIELD  
STATE OF MICHIGAN**

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**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

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**Year ended March 31, 2008**

**CHARTER TOWNSHIP OF BLOOMFIELD  
STATE OF MICHIGAN**

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## INDEPENDENT AUDITORS' REPORT

Charter Township of Bloomfield, Michigan  
State of Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Charter Township of Bloomfield, State of Michigan (the "Township"), as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bloomfield Township Public Library which represents 100% of the assets and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and with standards prescribed by the Treasurer of the State of Michigan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2008, and the respective changes in financial position and cash flows where applicable thereof, and the budgetary comparison for the general fund, road fund and public safety fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5-15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund financial statements and schedules and the statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Jenkins Magnus Volk & Carroll, P.C.*

Certified Public Accountants

Bloomfield Hills, Michigan  
September 26, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the *Charter Township of Bloomfield, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

### Financial Highlights

- The assets of the Township exceeded liabilities at the close of the most recent fiscal year by \$102,409,235 (net assets). Total net assets increased by \$7,914,409 as compared to the previous fiscal year. These amounts do not include fiduciary funds.
- The major components of net assets are \$58,088,078 in capital assets net of related debt, and \$40,784,718 in cash and investments net of related debt (new \$26,000,000 bond issue for campus capital improvements). The remainder consists of receivables again net of related debt, and prepaid items and inventories net of accounts payable and deferred revenues.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$58,476,077, an increase of \$30,077,964 when compared with the previous fiscal year. This large increase is the result of the addition of two new funds related to the Township campus capital improvement program. These two funds added \$26,595,561 to the combined fund balances largely as a result of the cash received from a \$26,000,000 bond sale. Of these ending balances, \$29,124,687 is reported as undesignated and available for spending at management's discretion; the other \$29,351,390 is restricted, largely in debt service and construction funds.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$7,822,356 up \$1,064,798 from last fiscal year. This fund balance is approximately eighty percent (80%) of total general fund expenditures.
- The Township's total long-term debt increased by \$33,029,829 during the current fiscal year largely due to the \$26,000,000 sale of the campus construction bonds and the addition of \$8,750,000 in water and sewer capital improvement bonds. The Township's debt consists of county drain contracts, water and sewer system bonds, library construction bonds, Township campus construction bonds and employee's compensated absences.
- Net assets in the water and sewer fund increased by \$768,303, the result of an operating loss of \$448,454 for the fiscal year offset by \$1,216,757 in contributions from developers.

### Overview of the Financial Statements

The Township's audited financial statements consist of three main components: 1) government-wide financial statements, 2) fund level financial statements by category, and 3) notes to the financial statements. The following discussion and analysis is intended to provide an introduction to these basic financial statements as presented in the audit report.

**Government-Wide Financial Statements.** These statements are designed to provide readers with a broad overview of the Township's finances.

The statement of net assets provides information on all of the Township's assets and liabilities, with the difference between the two reported as fund equity (net assets). Over time, changes in fund equity may serve as an important indicator of whether the financial position of the Township is improving or deteriorating.

The government wide financial statements include all categories of Township government, which includes the *Governmental Fund Types, Proprietary Fund Types, Fiduciary Fund Types, Capital Assets and Long Term Debt*. The statement of net assets can be found on page 18 of the accompanying audit report with the statement of activities on pages 19-20.

**Fund Financial Statements.** A fund is a grouping of related accounts used to account for resources that have been accumulated for a specific activity or purpose. The Township uses fund accounting to demonstrate compliance with finance-related laws as is required of all state and local governments. All Township funds fall into one of three major categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** consist of the Township's main operating funds, which include the general fund, special revenue funds and debt service funds. The general fund is used to account for revenue and expenses for general Township government that would not fall under any other fund category. Revenues collected for a specific purpose and their corresponding expenditures are accounted for in special revenue funds. This category of funds consists of the public safety fund (police, fire and dispatch), the road fund, the senior services fund, the lake improvement fund, the cable TV fund, the safety path fund, the drug law enforcement fund, the building department fund, Bloomfield Village police and fire funds and the improvement and revolving fund. The Township maintains three debt service funds to account for revenue collected for the purpose of retiring various bond issues for county drain projects, a major library renovation and major improvements to the Township campus and two fire stations.

In all, the Township has seventeen individual governmental funds. Individual balance sheets and statements of revenues and expenditures for each of these funds are presented in this report. These statements allow the reader to gain a much narrower focus on Township financial activity than the government wide statements. Also, these statements make it possible to analyze near term financial decisions made by Township managers.

**Proprietary Funds.** The Township has one *proprietary fund*, which is the water and sewer fund. The main feature distinguishing a proprietary fund from a governmental fund is the source of revenue. The governmental funds receive their primary funding from taxes and intergovernmental revenues while the proprietary funds recover all or a significant portion of their costs from user fees and charges (business type activities).

**Fiduciary Funds.** The Township has three *fiduciary funds*. Fiduciary funds are used to account for resources held by the Township for the benefit of parties other than the governmental entity. These funds are not available to be used for Township programs. The majority of the resources in this fund group are set aside to satisfy the pension liability to Township employees.

## Statement of Net Assets Financial Analysis

Net assets are one indicator of a government's financial condition either at a given point in time or as compared over a period of time. At the close of the most recent fiscal year, Bloomfield Township's assets exceeded liabilities by \$102,409,235. For the purpose of this analysis, the fiduciary funds and the component unit are not included as these resources are not available to support Township programs.

Table 1  
Net Assets  
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$82.2	\$55.8	\$14.4	\$9.1	\$96.6	\$64.9
Capital assets	<u>34.9</u>	<u>32.3</u>	<u>45.9</u>	<u>42.6</u>	<u>80.8</u>	<u>74.9</u>
Total assets	<u>117.1</u>	<u>88.1</u>	<u>60.3</u>	<u>51.7</u>	<u>177.4</u>	<u>139.8</u>
Long term liabilities	54.0	29.8	14.7	6.5	68.7	36.3
Other liabilities	<u>4.3</u>	<u>6.7</u>	<u>1.9</u>	<u>2.3</u>	<u>6.2</u>	<u>9.0</u>
Total liabilities	<u>58.3</u>	<u>36.5</u>	<u>16.6</u>	<u>8.8</u>	<u>74.9</u>	<u>45.3</u>
Net assets:						
Invested in capital assets, net of related debt	27.3	24.2	30.8	37.0	58.1	61.2
Restricted	4.2	2.6	10.0	5.3	14.2	7.9
Unrestricted	<u>27.2</u>	<u>24.9</u>	<u>2.9</u>	<u>.6</u>	<u>30.1</u>	<u>25.5</u>
Total net assets	<u>\$58.7</u>	<u>\$51.7</u>	<u>\$43.7</u>	<u>\$42.9</u>	<u>\$102.4</u>	<u>\$94.6</u>

It is important to note that a large portion of the Township's net assets consists of investments in capital assets (land, buildings, vehicles, equipment and infrastructure) and not cash or cash investments. At the close of the most recent fiscal year, 65% of the Township's net assets consisted of capital assets with the remainder consisting mostly of cash, cash investments, and accounts receivable less accounts payable and accrued expenses.

A portion of the Township's net assets, \$14,185,950, consists of fund balances or net assets subject to restrictions as to how they may be used. The unrestricted portion of net assets that is available to the Township to meet ongoing obligations within the various funds totaled \$30,135,207 at the close of the most recent fiscal year.

As of the end of the current fiscal year, the Township has positive balances in all fund types and in each of the individual funds within the fund types. The campus construction fund, established this year to account for expenditures related to the construction of a new maintenance facility, new senior center, new central fire station and renovation to another fire station, received \$26,000,000 in cash from the sale of the related bonds. This bond transaction resulted in a significant increase to the investment and non-current liability accounts on the statement of net assets as compared to last year.

As mentioned, during the current fiscal year net assets of the Township increased by \$7,914,409. This net increase is reflected by a small increase in the proprietary fund (water and sewer) and an increase in the governmental fund types. Changes in proprietary fund net assets are analyzed on page 30 of the accompanying audit report.



Table 2  
Changes in Net Assets  
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$3.9	\$3.8	\$16.9	\$13.4	\$20.8	\$17.2
Fines and forfeitures	1.8	2.0	.	.	1.8	2.0
General revenues:						
Property taxes	38.1	34.5	.	.	38.1	34.5
Federal grants	.	.1	.	.	.	.1
Other grants	.5	.4	.	.	.5	.4
State shared revenue	3.3	3.3	.	.	3.3	3.3
Reimbursements	.6	1.4	.	.	.6	1.4
Other general revenues	<u>2.8</u>	<u>2.0</u>	<u>.</u>	<u>.</u>	<u>2.8</u>	<u>2.0</u>
Total revenues	<u>51.0</u>	<u>47.5</u>	<u>16.9</u>	<u>13.4</u>	<u>67.9</u>	<u>60.9</u>
<b>Program expenses</b>						
General government	9.2	10.5	.	.	9.2	10.5
Public safety	24.2	23.6	.	.	24.2	23.6
Public works	6.1	4.1	.	.	6.1	4.1
Comm. development	3.2	2.9	.	.	3.2	2.9
Interest - long term debt	1.0	1.2	.	.	1.0	1.2
Other general expense	.3	.2	.	.	.3	.2
Water & Sewer	<u>.</u>	<u>.</u>	<u>16.1</u>	<u>13.9</u>	<u>16.1</u>	<u>13.9</u>
Total expenses	<u>44.0</u>	<u>42.5</u>	<u>16.1</u>	<u>13.9</u>	<u>60.1</u>	<u>56.4</u>
Excess rev. over (under)						
Exp. before transfers	7.0	5.0	.8	(.5)	0.0	4.5
Transfers in (out)	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>	<u>.</u>
<b>Increase (decrease) net assets</b>	<u>7.0</u>	<u>5.0</u>	<u>.8</u>	<u>(.5)</u>	<u>7.8</u>	<u>4.5</u>
Net assets, beginning	<u>51.7</u>	<u>46.7</u>	<u>42.9</u>	<u>43.4</u>	<u>94.6</u>	<u>90.1</u>
<b>Net assets, ending</b>	<u><u>\$58.7</u></u>	<u><u>\$51.7</u></u>	<u><u>\$43.7</u></u>	<u><u>\$42.9</u></u>	<u><u>\$102.4</u></u>	<u><u>\$94.6</u></u>

**Governmental fund type.** Net assets increased by \$7,146,106 as a result of activities within these funds. This represents about 90% of the total increase in the net assets of the Township for the year with business type activities accounting for the remaining 10% increase in net assets for the fiscal year.

- Property tax revenues increased by about 10.70% in large part due to the new debt retirement tax for the campus construction project. The Township's taxable value increased by about 5% from last year with no Headlee rollback allowing operating tax revenue to increase by about the same amount. The increase however continues to be largely offset by the increased cost of pay and benefits.

- The major operating funds in this category experienced only about a 2.0% increase in revenues collected over the previous year despite a 5.3% increase in property tax revenue. All other major revenue sources either decreased or were stagnant as compared to last year. Fine and forfeiture revenue (district court) decreased while state revenue sharing and investment income were about the same as last year. While it is not expected that investment income will decrease by a significant amount in the near future, it appears that the large revenue increases experienced in recent fiscal years will not continue. There also is no indication that we can expect any improvement in state revenue sharing any time soon.
- Expenditures increased by 2.73% from the previous fiscal year. This increase is lower than the previous fiscal year (4.93%) and also significantly less than average for the last five fiscal years (about 7.00%). The main reason for the improvement is the fact that health care costs did not increase for the second consecutive fiscal year as a result of changes made to plan design and some good fortune on our claims experience. Despite this very welcome relief from the recent double-digit increases in health care costs expenditures still increased at a rate greater than the corresponding revenue increase. With the economy, in particular the housing market, exerting strong downward pressure on local revenue sources we must continue to aggressively pursue cost cutting measures. The good news with regard to the net asset increases over the past few years is that they are largely the result of operating surplus in the major governmental funds. This means that much of the increases have flowed into the fund balances of the major governmental operating funds providing a much needed boost to these fund balances.

**Fiduciary fund type.** Net assets increased in these funds by \$4,611,241, making the total net assets at the end of the current fiscal year \$107,896,152. This increase resulted mostly from an increase in the Township's Retirement System Pension Trust Fund. The Township holds \$2,710,658 in escrow for various purposes other than the pension fund. Factors related to the increase in net assets within this fund type are summarized below.

- Contributions and earnings within the Township's defined benefit pension plan were greater than payments made to retirees from the plan by \$4,496,543.
- The liability for unused paid leave increased by \$112,522 resulting in additional dollars being transferred into trust to fund this liability at \$1,688,028.
- Others monies held in escrow by the Township increased by \$423,416 to \$1,022,630.
- The new defined contribution plan assets increased by \$103,013 to total \$169,487 and the retiree health care trust fund increased in value by \$11,685 to total \$135,361.

**Proprietary fund type.** These business type activities increased the Township's net assets by \$768,303 as compared to last year. This increase represented about 10% of the overall increase in the net assets of the Township. Major elements of the increase are the following:

- Water and sewer fee increases to the customers lagged a small amount behind the increased operating costs of the system. Operating costs increased by about 11% over last year largely due to increases in depreciation expense and system repair and maintenance costs resulting in a small operating loss of \$448,454. The operating loss was offset by contributions from developers totaling \$1,216,757. The end result was a total net asset increase of \$768,303 over last year.
- Overall the water and sewer fund is in very good condition and this year committed another \$8,750,000 bond sale to the long-term capital improvement program.

## Financial Analysis of Individual Government Fund Types

The funds within this group provide information on near-term inflows, outflows and balances for the Township's main operating funds. The information contained in these funds is useful in determining the financing requirements of the Township, particularly as related to their major revenue source - property taxes. Unreserved fund balance is a very useful measure of a government's net resources available for spending at the end of the fiscal year. However, it is important to remember that these audited financial statements represent a snap shot as of one point in time and the

financial picture changes constantly throughout a fiscal year. This is especially significant when analyzing Bloomfield Township's financial data because property taxes are collected very late in the fiscal year (final due date is February 14<sup>th</sup>), meaning most of the cash and fund balances as of the fiscal year end are made up of this major revenue source. For this reason, a snap shot as of March 31<sup>st</sup> may be misleading as to the financial strength of this particular group of funds. Certainly small fund balances, although positive, would not necessarily represent a healthy financial position. The current fund balances have been steadily improving in recent years and are considered to be adequate.

**General Fund.** The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including some property taxes, state revenue sharing funds and interest income on investments. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$7,822,356. The entire general fund balance is unreserved and available for spending at the administration's discretion, including transfers to supplement special revenue funds.

During the current fiscal year, the fund balance of the Township's general fund increased by \$1,064,798. Much of the increase was the result of investment revenue coming in \$468,000 over what was projected due to interest rate returns being higher than anticipated. The fund expenditures finished the year at 93% of the budget projection, contributing about \$800,000 to the fund balance increase. The favorable budgeted expenditure variances were spread throughout the funds array of activities in large part due to health insurance cost increases being below what was anticipated. The district court expenditures ended the year significantly under budget; however court revenues being similarly under the budget projection directly offset the gain to the fund. The net result was typical as total court revenue for the year was slightly higher than the total court expenditures.

This fund is currently in excellent financial shape but does face several challenges going forward. The expenditures in this fund are not as dominated by personnel costs as the public safety fund, yet over 65% of the fund's costs derive from salaries and fringe benefits of staff. This leaves the fund very vulnerable to health care, pension and other fringe benefit expenditure costs that increase at a greater pace than the fund's revenues, which has been the historical trend. In order to help control these costs, all new employees hired in this fund will now participate in a defined contribution pension plan, which should over time reduce the pension cost to the fund. In addition, beginning in 2005, all employee's health care deductibles and co-pays have been increased and for the first time employees are contributing to the cost of their health care premium. The Township administration remains committed to the education and involvement of all employees of the organization in an effort to contain these costs. We also regularly meet with our consultants and vendors involved in the employee benefit programs to explore present and future potential solutions to these issues.

The three main sources of revenue to this fund; property taxes, state revenue sharing and investment income, historically have not increased at a rate greater than the consumer price index over the long term. This problem has been recently compounded by a weak state economy and the significant slump in the housing market. Consequently, there is no guarantee that the major sources of revenue to this fund will be able to keep pace with future expenditure increases. The fact that fund reserves have increased the past several years has been very welcome. Enthusiasm must be tempered with the realization that these increases were planned for and much needed following several years of depletion prior to approval of the new public safety millage in 2002. In addition, many of the factors that contributed to recent gains are not likely to be sustainable over the long haul, such as significant interest rate increases that have provided extraordinary gains in investment income. The fund also currently needs to provide more support to the road fund and may in the near future have to once again provide aid to the public safety fund.

**Road Fund.** The road fund is the third ranking of the three major governmental operating funds. At the end of the current fiscal year, unreserved fund balance of the road fund was \$2,102,059. This represents an increase of \$213,594 when compared to the prior fiscal year. Presently the fund balance is sufficient to allow operating expenses to be met without any significant cash shortage in the fund; however, fund revenues have consistently fallen short of expenditures in recent fiscal years requiring contracted maintenance work to be cut back or eliminated. In past years, the general fund has supplemented the road fund in order to maintain a high level of service. In fiscal 2007-08, this supplement amounted to \$1,000,000. Without the general fund support this fund would have fallen over \$750,000 short of meeting its obligations. If this support is no longer possible, services will have to decrease or other revenue

sources will have to be obtained. It does appear for at least the next couple of years that the general fund will be able to continue to support road fund operations. Currently, the major revenue sources of the fund are property taxes (\$2,814,000), the general fund transfer (\$1,000,000) and Oakland County Road Commission contract repayments (\$583,916). The limitations on how much these revenues may increase, especially in light of the housing market slump, make it difficult for the fund to keep up with the expenditure increases for employee benefits and necessary road maintenance. To help control these costs, road department employees have agreed to the same health care and pension changes as the general fund employees. The option to postpone road maintenance projects is a temporary band-aid that becomes less and less viable as time passes and road conditions deteriorate to unacceptable levels. The combination of road conditions and dependence upon general fund support make this the most vulnerable of the three major operating funds. However, as a last resort the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. At present though the fund is in sound financial condition and it helps that it is by far the smallest of the three major operating funds.

**Public Safety Fund.** This special revenue fund is by far the largest within the governmental fund type category. At the end of the current fiscal year, the unreserved fund balance of the public safety fund was \$11,610,102. This represents an increase of \$1,709,256 over the previous year. One of the main reasons this fund has been able to operate at a surplus for the past few years was the approval of a new property tax millage in November of 2002. The new property tax revenue provided much needed relief to the fund as it was experiencing significant operating deficits prior to the approval. The new millage also relieved the burden on the General Fund to subsidize the deficits and pay for public safety dispatch and the cost of health insurance for retired public safety employees and their dependents. These expenses have increased over those years to where they are presently approximately \$2,667,000 annually and are now appropriately charged to the public safety fund. The fund balance increase was similar to the increase from the prior fiscal year as fund revenues and expenditures increased by about the same amount; a little over 3.0%. Revenues came in right at the budgeted projections while fund expenditures came in more than \$1,600,000 under budget. Each department within the fund operated at less than their maximum budgeted manpower level, this was a major contributing factor to the favorable budget variance. In addition, health care premiums increased at a rate that was less than anticipated.

The long term historical trend for this fund has been for expenditures to increase at a greater rate than fund revenue that eventually lead to operating deficits. In order to offset these deficits management asked for and received from the residents significant property tax rate increases in 1994 and 2002. If these historical trends cannot be stopped or reversed, the fund could return to operating deficits in the near future. This scenario is unacceptable as another property tax increase request would likely be extremely unpopular and therefore quite risky given current economic circumstance in southeast Michigan. Management is taking action in an attempt to stop or reverse this trend. With over 85% of this fund's expenses related to salary and benefit costs of personnel, any action must be targeted at controlling the increase in these expenses. Presently the Township spends over \$5,000,000 on life and health insurance for active and retired police and fire department personnel. The fund spends an additional \$3,087,000 for pension benefits. The Township has made proposals to the police and fire unions to reduce and share the cost of health care and to switch from a defined benefit to a defined contribution pension plan for new hires. The police and dispatch agreements incorporated these changes in fiscal 2007. The fire department will incorporate the changes in the summer of 2008.

The legal restrictions on a local government's ability to increase property tax revenues in the state of Michigan make it very difficult for this or any fund that relies almost exclusively on property tax revenue to absorb expenditure increases greater than the consumer price index for an extended period of time. Management's problem has been further compounded by the unprecedented slump in the housing market. Consequently, even though the present financial position of the public safety fund is sound, management must find ways to permanently reduce the rate at which employee related costs increase. If employee costs cannot be contained on a long-term basis the level of police and fire services in the near future may have to be reduced, most likely with a reduction to the work force, or the residents of the Township will have to vote again to increase their property tax millage rate.

**Drain Fund.** This fund accounts for all principal and interest payments made on the Township portion of Oakland County Debt obligations for Chapter 20 drains within the Township. The Township is authorized to levy whatever tax

rate is necessary to pay the annual principal and interest payments on all debt obligations within the fund. Principal and interest payments totaling \$830,578 were made during the fiscal year. The fund ended the year with a fund balance of \$575,390. At the end of the fiscal year the remaining unpaid debt totaled \$7,569,184 on the six separate drain contracts accounted for within the fund.

**Library Debt Retirement Fund.** This fund was established in 2004 to account for the bonded debt taken on by the Bloomfield Township Public Library to pay for a major addition and renovations to their building. The original bond sale was for \$22,875,000 with the final payment due on May 1, 2024. The bonds are backed by the full faith and credit of Bloomfield Township and the Township is authorized to levy whatever tax rate is necessary to make the annual principal and interest payments. After making the \$700,000 principal installment this year the remaining unpaid debt at March 31, 2008 was \$21,150,000. The fund had a year-end fund balance of \$1,975,381 with approximately \$1,570,000 in principal and interest payments due prior to the next tax levy.

**Campus Construction Funds.** Two new funds were established this year to account for revenues and expenditures related to the sale of \$26,000,000 in bonds to pay for the constructions of a new maintenance facility, new central fire station, a new senior center and a major renovation to another fire station. The bonds were sold in November of 2007 and are backed by the full faith and credit of Bloomfield Township. A debt retirement fund was established to track property tax revenue and principal and interest payments related to the bonds. A construction fund was established to account for the estimated \$29,000,000 cost of the entire project. These two funds account for the significant increase to the assets and the long term liabilities in the Statement of Net Assets report.

**Other Government Funds.** The remaining government funds are special revenue funds, a debt service fund, and a capital projects fund (construction fund), which are much smaller in scope than the three major funds. These funds derive their revenue from special assessments, user fees or unique, specifically designated sources such as cable franchise fees or drug forfeiture cash. All these funds must spend within the means of their revenue sources. The funds are in good to excellent financial condition as of the end of the current fiscal year.

**Proprietary Funds.** The Township's proprietary fund is the water and sewer fund. The main source of revenue to this fund is user fees to customers on water purchases and sewage treatment charges. These revenues are used to cover the administrative expenses related to providing these services as well as costs to repair and maintain the water and sewer system. There is also some allowance made in the rates to provide resources for future capital improvements and major repair and maintenance of infrastructure.

Unrestricted net assets of the water and sewer fund amounted to \$2,907,022 at the end of the current fiscal year. The fund had an increase in all net assets for the fiscal year of \$768,303. The components of this increase were briefly detailed earlier in this analysis indicating that the fund did experience a small operating loss. The fund is currently in a very sound financial condition and management is proactive in taking the steps necessary to eliminate the operating loss and to fund future infrastructure maintenance and improvements.

In 2002, a reliability study was conducted to assess the Township's water supply system. In summary, the study modeled the water system during peak hour demand and fire flow conditions. The study found some areas deficient in maintaining the necessary pressures required complying with Safe Drinking Water Act (SDWA) criteria for providing sufficient water pressure. The recommended system improvements have been prioritized to include the replacement of smaller sized (6 inches or less) underground piping as needed in the areas where the system was constructed prior to SDWA. In addition, most of the larger transmission water piping within the Township is over 40 years old. As with any aging infrastructure, water supply piping becomes less reliable to provide adequate flows due to long term wear on the internal pipe lining and operational valve components.

The Township's sanitary sewer system has been designated as in non-compliance as per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of

such sources will potentially reduce the Township's contribution to the EFSDS regional sanitary sewage retention basin.

The water supply infrastructure concerns mentioned above have been prioritized and broken into a four-phase capital improvement program designed to replace about \$20,000,000 of water main. The process to sell bonds for Phase I began early in fiscal 2005-06. The bonds amounting to \$4,470,000 were sold in May 2006. Phase II bonds amounting to \$4,750,000 were sold in March 2008 at the same time as a \$4,000,000 bond sale for sewer system improvements. These bonds are being repaid by a combination of consumption based user fees and flat rate debt service charges applied to customer bills. Routine correction of the sewer infiltration/inflow is being funded with a \$ .25 increase to the sewer bill rate. Dollars generated via this rate increase will be used for several sewer rehabilitation projects. This fund also has restricted replacement and improvement cash set aside for these types of projects.

**Capital Assets.** The Township's investment in capital assets for its governmental and business type activities as of March 31, 2008, amounted to \$80,773,058 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements to properties other than buildings, machinery and equipment, infrastructure and Township share of county sewers. The total increase in investment in capital assets for the current fiscal year was about 7.75 percent (a 7.71 percent increase for governmental activities and a 7.78 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Fire Department vehicles and equipment purchases at a cost of \$251,267
- Improvements to water and sewer infrastructure costing \$3,528,671
- Safety Path (sidewalk) construction at a cost of \$2,063,376
- Police Vehicles and equipment costing \$544,884
- Road Dept. vehicles and equipment at a cost of \$239,037

Additional detail regarding capital assets can be found in section five of the notes to financial statements of this report.

**Long Term Debt.** At the end of the current fiscal year, the Township had total debt outstanding of \$70,869,266, which consists of \$55,753,471 within the governmental activity funds and \$15,115,795 within the business-type activity fund. During this fiscal year there were three new major bond issues; \$26,000,000 for the construction of a new maintenance facility, new senior center, new fire station and the renovation of a second fire station; \$4,750,000 for phase II of the water main capital improvement program; and \$4,000,000 for sanitary sewer system capital improvement. The majority of the governmental debt consists of bonded debt (\$21,150,000) to pay for the library addition and renovation and the new \$26,000,000 issue mentioned previously. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. All governmental activity debt is being paid for via ad valorem property tax levies. The bonded debt in the business type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township as well as debt issued by the Township for water and sewer system capital improvements. The water and sanitary sewer debt payments are made using funds collected from customers on their quarterly bills. The remaining long-term debt reported consists of \$1,034,286 for employee compensated absences.

The Township's total long-term debt increased with the three additional issues mentioned above totaling \$34,750,000. The Township's long-term debt decreased by \$1,847,307, as the result of making the annual required debt payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The Township currently is nowhere near having any issue with the limitation.

As a result of the five bond sales over the last four years amounting to over \$62,000,000 much of the Township's major infrastructure and facility needs should be taken care of well into the future. However there are still some roadway, and water and sewer infrastructure challenges ahead in the near term.

**Transfers of Funds.** During the current fiscal year, the Township transferred \$1,000,000 from the general fund to the road fund to assist that fund in meeting its financial obligations. The Township also transferred \$400,000 from the general fund to the improvement and revolving fund to assist that fund in paying for several community projects. These projects included the beautification of road medians, storm drain maintenance, gypsy moth spraying and mosquito control. Each of these transfer amounts represented an increase as compared to the previous year, particularly the road department transfer. As discussed earlier the Township faces a significant challenge in funding road operations, as the general fund may not be able to make such a generous transfer indefinitely.

**Summary.** The Township experienced a satisfactory fiscal year financially in 2007-08 with all three major operating funds experiencing an increase in their equity positions. Management must continue to be proactive in managing several areas to avoid a reversal of fortune, particularly the following:

- State shared revenue payments continue to be stagnant or decrease annually. This is a concern as this has historically been our second highest source of revenue behind property taxes.
- Investment income revenue has increased significantly in recent years as a result of rising interest rates. This has created large revenue increases that are not likely to continue.
- Health insurance premiums have over the long term been increasing at a rate significantly above our property tax revenue increase limitations. Management has taken steps to control the cost increases with excellent success in recent fiscal years. However, the projected trend in health care premium increases remains higher than the CPI.
- The employees' defined benefit pension plan is a very expensive fringe benefit. The cost continues to rise both over the long and short term at a rate much greater than the increases of our revenue sources. This is despite aggressive efforts in recent years to lower the cost of this benefit.
- Must take steps to ensure that operating expenditures do not increase at a rate greater than operating revenues as over 75% of Township operating revenue is derived from property taxes that can only be increased with voter approval presenting significant risk.
- The most serious challenge facing management involves the weak Michigan economy and the effect it has had on residential home values. With over 90% of our tax base being residential property, the decline in these values has for the first time in memory caused our major revenue source to stagnate or potentially decrease.

In response to these circumstances, the Township has taken several measures in an attempt to maintain a solid financial position into the future. Several of these measures are listed below:

- To prepare for the possible problems created by the housing market situation management has scheduled a two-day leadership training session for the summer of 2008. Attendance is mandatory for all department heads with the focus of the training and discussion to be on managing the Township in a declining revenue environment.
- Also, during the preparation of the 2009 –10 fiscal year budget management will prepare new long-term projections presuming stagnant or declining property tax revenues.
- Negotiations have begun with neighboring municipalities to explore areas where we could combine services with mutual benefit.
- The most significant positive change in recent years remains the voter approval of a new 2.5 mill property tax for public safety. This allowed property tax revenue in the public safety fund to increase by over \$8,000,000 per year beginning in 2003 and enabled the Township to maintain police, fire and EMS services at previous levels while increasing the anemic fund balance levels that existed at the time.
- The Township continues to closely monitor and diversify as much as possible the investment portfolio in the pension fund to improve long term investment return projections.

- The Township has negotiated to have a defined contribution pension plan replace the defined benefit plan for all new hires. The eventual elimination of past service expense will allow our pension costs in the future to be fixed and much more predictable. The change will also make it more likely that future cost increases for this benefit can stay within similar range as our revenue increases.
- The Township continues to closely monitor the health insurance plan. New retirees continue to increase the number of covered employees on our plan as well as the average age of our participants. That has combined with health care cost trends that have been significantly above the CPI to more than double our health claims experience in just five years (2000-2005). Health Plan changes have been negotiated that increase the deductibles and co pays for all active employees. Also, for the first time, all active employees are paying a portion of their health insurance premium.
- Improved cash availability from the new millage, along with increasing interest rate returns on investments, has reversed the trend of decreasing investment income experienced the first half of this decade.

The Township's present financial condition in both the governmental and the business-type funds is very good and has improved over the previous year. The expectation is that this situation will continue, at least for the short term. Some of the factors contributing to the recent improvement in the Township financial position, high investment income and steady health claims increases for the past three years, are most likely temporary and not sustainable over the long term. Our most pressing financial concern is the current condition of the residential housing market and its detrimental effect on property tax revenues. Add to that the expected lack of growth in state revenue sharing and investment income and our three largest sources of revenue are likely to be stagnant or declining at least in the near term. Management's ability to contain expenditures in this challenging financial environment will determine the long-term outlook for the government. Opportunities exist to improve our efficiency, however the greater the potential benefit the more difficult the change will be. The area of greatest opportunity would be to combine services with other governments to gain economies of scale that don't currently exist. These types of solutions have presented very serious complications and challenges. Township management is committed to taking a proactive approach in the anticipation and resolution of each and every challenge we presently face. The ultimate goal is to continue to provide our services in the public sector with as much local control and access as possible. We remain confident that the management and elected officials of Bloomfield Township possess the capability, foresight and resolve necessary to successfully meet these challenges.

### **Requests for Information**

Questions concerning any of the information contained in this report or requests for additional financial information should be addressed to the Bloomfield Township Finance Director, 4200 Telegraph Road, Bloomfield Hills, MI 48302.



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**

**STATEMENT OF NET ASSETS**  
**March 31, 2008**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-Type</b>		<b>Library</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 7,119,200	\$ 11,530,498	\$ 18,649,698	\$ 11,102,506
Investments	48,135,170	-	48,135,170	1,525,925
Receivables	26,498,220	2,670,198	29,168,418	277
Other	115,155	-	115,155	159,830
Internal balances	49,000	(49,000)	-	-
Prepaid items	165,022	-	165,022	-
Inventory	102,422	55,003	157,425	-
<b>TOTAL CURRENT ASSETS</b>	<b>82,184,189</b>	<b>14,206,699</b>	<b>96,390,888</b>	<b>12,788,538</b>
<b>NONCURRENT ASSETS</b>				
<b>CAPITAL ASSETS</b>				
Nondepreciable assets				
Land	828,648	-	828,648	131,015
Construction in progress	1,814,047	-	1,814,047	-
Other	-	1,511,072	1,511,072	19,808,622
Depreciable assets				
Land improvements	13,822,348	-	13,822,348	-
Building	18,666,678	-	18,666,678	5,531,485
Machinery, furniture and equipment	17,841,996	1,408,630	19,250,626	4,429,569
Library books & audiovisual materials	-	-	-	3,528,746
Investment in system	12,697,390	70,782,915	83,480,305	-
Less accumulated depreciation	(30,798,209)	(27,802,457)	(58,600,666)	(5,301,457)
<b>TOTAL CAPITAL ASSETS</b>	<b>34,872,898</b>	<b>45,900,160</b>	<b>80,773,058</b>	<b>28,127,980</b>
<b>OTHER ASSETS</b>				
Bond discount	-	56,896	56,896	-
Bond issue costs	-	108,904	108,904	-
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>165,800</b>	<b>165,800</b>	<b>-</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>34,872,898</b>	<b>46,065,960</b>	<b>80,938,858</b>	<b>28,127,980</b>
<b>TOTAL ASSETS</b>	<b>117,057,087</b>	<b>60,272,659</b>	<b>177,329,746</b>	<b>40,916,518</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	2,548,532	1,361,098	3,909,630	1,620,011
Unearned revenue	28,220	113,395	141,615	-
Due to primary government	-	-	-	380,765
Amounts due within one year	1,749,026	461,834	2,210,860	144,597
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,325,778</b>	<b>1,936,327</b>	<b>6,262,105</b>	<b>2,145,373</b>
<b>NONCURRENT LIABILITIES</b>				
Amounts due in more than one year	54,004,445	14,653,961	68,658,406	364,384
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>54,004,445</b>	<b>14,653,961</b>	<b>68,658,406</b>	<b>364,384</b>
<b>TOTAL LIABILITIES</b>	<b>58,330,223</b>	<b>16,590,288</b>	<b>74,920,511</b>	<b>2,509,757</b>
<b>NET ASSETS</b>				
Invested in capital assets				
net of related debt	27,303,713	30,784,365	58,088,078	28,127,980
Restricted for:				
Capital projects	-	9,283,033	9,283,033	-
Debt service	3,989,554	707,951	4,697,505	-
Public safety	205,057	-	205,057	-
Construction	-	-	-	2,525,690
Gifts	-	-	-	138,063
Unrestricted assets	27,228,540	2,907,022	30,135,562	7,615,028
<b>TOTAL NET ASSETS</b>	<b>\$ 58,726,864</b>	<b>\$ 43,682,371</b>	<b>\$ 102,409,235</b>	<b>\$ 38,406,761</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

<u><b>FUNCTIONS/PROGRAMS</b></u>	<u><b>Expenses</b></u>	<u><b>Program Revenue Charges for Services</b></u>	<u><b>Net (Expense) Revenue</b></u>
<b>PRIMARY GOVERNMENT</b>			
Governmental activities:			
General government	\$ 9,194,064	\$ 3,905,425	\$ (5,288,639)
Public safety	24,209,541	1,831,980	(22,377,561)
Public works	6,129,939	-	(6,129,939)
Community enrichment and development	3,163,729	-	(3,163,729)
Miscellaneous	296,887	-	(296,887)
Interest on long-term debt	1,016,409	-	(1,016,409)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	44,010,569	5,737,405	(38,273,164)
Business-type activities:			
Water & Sewer	16,146,454	16,850,834	704,380
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 60,157,023</u>	<u>\$ 22,588,239</u>	<u>\$ (37,568,784)</u>
<b>COMPONENT UNIT</b>			
Library	<u>\$ 5,808,915</u>	<u>\$ 2,266</u>	<u>\$ (5,806,649)</u>

continued...

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF ACTIVITIES (CONCLUDED)

Year Ended March 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
<b>CHANGES IN NET ASSETS</b>				
Net (expense) revenue	\$ (38,273,164)	\$ 704,380	\$ (37,568,784)	\$ (5,806,649)
General revenues:				
Property taxes	38,107,385	-	38,107,385	5,695,787
Circulation revenue	-	-	-	90,099
Federal grants	878	-	878	-
Other grants	515,300	-	515,300	-
State shared revenue	3,313,596	-	3,313,596	30,901
Reimbursements	630,618	-	630,618	-
Miscellaneous	555,280	9,890	565,170	160,501
Unrestricted investment earnings	2,191,891	54,033	2,245,924	662,917
<b>TOTAL GENERAL REVENUES</b>	<u>45,314,948</u>	<u>63,923</u>	<u>45,378,871</u>	<u>6,640,205</u>
<b>CHANGE IN NET ASSETS</b>	<u>7,041,784</u>	<u>768,303</u>	<u>7,810,087</u>	<u>833,556</u>
<b>NET ASSETS, beginning of year</b>	51,580,758	42,914,068	94,494,826	37,573,205
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>104,322</u>	<u>-</u>	<u>104,322</u>	<u>-</u>
<b>NET ASSETS, beginning of year, as restated</b>	<u>51,685,080</u>	<u>42,914,068</u>	<u>94,599,148</u>	<u>37,573,205</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 58,726,864</u></u>	<u><u>\$ 43,682,371</u></u>	<u><u>\$ 102,409,235</u></u>	<u><u>\$ 38,406,761</u></u>

The accompanying notes are an integral part of these financial statements.

## **FUND FINANCIAL STATEMENTS**

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
March 31, 2008**

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Drain at-Large</u>	<u>Library Debt Retirement</u>	<u>Campus Construction Debt Retirement</u>	<u>Campus Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 5,943,145	\$ 1,467,228	\$ 10,694,719	\$ 575,390	\$ 1,975,382	\$ 1,438,782	\$ 350,000	\$ 7,572,250	\$ 30,016,896
Marketable securities	-	-	-	-	-	-	25,237,474	-	25,237,474
Receivables (net)									
Delinquent taxes	598,914	224,203	1,948,215	-	-	-	-	-	2,771,332
Interfund construction advances	-	-	-	-	-	-	-	49,000	49,000
Local school systems	-	-	185,512	-	-	-	-	-	185,512
Component unit	380,665	-	-	-	-	-	-	-	380,665
Special assessment, voted millage	-	-	-	-	21,150,000	26,000,000	-	-	47,150,000
Other	1,246,814	496,392	-	-	-	-	-	263,959	2,007,165
Prepaid items	44,987	-	-	-	-	-	-	114,001	158,988
Inventories	66,417	36,004	-	-	-	-	-	-	102,421
Intangibles & other assets	-	-	-	-	-	-	115,155	-	115,155
<b>TOTAL ASSETS</b>	<u>\$ 8,280,942</u>	<u>\$ 2,223,827</u>	<u>\$ 12,828,446</u>	<u>\$ 575,390</u>	<u>\$ 23,125,382</u>	<u>\$ 27,438,782</u>	<u>\$ 25,702,629</u>	<u>\$ 7,999,210</u>	<u>\$ 108,174,608</u>
<b>LIABILITIES</b>									
Payables and accrued expenses	\$ 458,586	\$ 121,768	\$ 1,218,344	\$ -	\$ -	\$ -	\$ 545,850	\$ 203,983	\$ 2,548,531
Deferred revenue	-	-	-	-	21,150,000	26,000,000	-	-	47,150,000
<b>TOTAL LIABILITIES</b>	<u>458,586</u>	<u>121,768</u>	<u>1,218,344</u>	<u>-</u>	<u>21,150,000</u>	<u>26,000,000</u>	<u>545,850</u>	<u>203,983</u>	<u>49,698,531</u>
<b>FUND BALANCES</b>									
Undesignated reported in:									
General fund	7,822,356	-	-	-	-	-	-	-	7,822,356
Special revenue funds	-	2,102,059	11,594,207	-	-	-	-	7,606,065	21,302,331
Capital projects fund	-	-	-	-	-	-	25,156,779	-	25,156,779
Designated reported in:									
Special revenue funds	-	-	15,895	-	-	-	-	189,162	205,057
Reserved for debt service	-	-	-	575,390	1,975,382	1,438,782	-	-	3,989,554
<b>TOTAL FUND BALANCES</b>	<u>7,822,356</u>	<u>2,102,059</u>	<u>11,610,102</u>	<u>575,390</u>	<u>1,975,382</u>	<u>1,438,782</u>	<u>25,156,779</u>	<u>7,795,227</u>	<u>58,476,077</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,280,942</u>	<u>\$ 2,223,827</u>	<u>\$ 12,828,446</u>	<u>\$ 575,390</u>	<u>\$ 23,125,382</u>	<u>\$ 27,438,782</u>	<u>\$ 25,702,629</u>	<u>\$ 7,999,210</u>	<u>\$ 108,174,608</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
March 31, 2008**

**FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 58,476,077**

Amounts reported for governmental activities in the statement of net assets are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Add: prepaid interest and fiscal charges	6,034
Add: service receivable	3,546
Add: deferred revenue	21,121,780

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	65,671,107
Deduct: accumulated depreciation	(30,798,209)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: contracts and loans payable	(54,719,185)
Deduct: compensated absences	<u>(1,034,286)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 58,726,864**

The accompanying notes are an integral part of these financial statements.



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS Year Ended March 31, 2008

	General	Road	Public Safety	Drain at-Large	Library Debt Retirement	Campus Construction Debt Retirement	Campus Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUE</b>									
Taxes and assessments	\$ 3,945,222	\$ 2,810,758	\$ 24,541,854	\$ 980,140	\$ 1,489,921	\$ 1,440,827	\$ -	\$ 3,598,663	\$ 38,807,385
Grants	-	-	878	-	-	-	-	481,800	482,678
Road fund repayments	-	583,916	-	-	-	-	-	-	583,916
State shared revenues	3,313,596	-	-	-	-	-	-	-	3,313,596
Charges for services	514,433	32,745	175,738	-	-	-	-	258,263	981,179
Licenses, permits and fees	27,320	35,508	15,315	-	-	-	-	1,946,171	2,024,314
Investment	1,568,189	-	-	-	-	-	620,827	2,875	2,191,891
Fines and forfeitures	1,777,525	-	-	-	-	-	-	54,455	1,831,980
Rent	712,289	-	-	-	-	-	-	-	712,289
Fees	-	-	-	-	-	-	-	215,863	215,863
Reimbursements	16,897	29,805	-	-	-	-	-	-	46,702
Miscellaneous	111,334	7,114	159,941	-	42,455	-	-	234,436	555,280
<b>TOTAL REVENUE</b>	11,986,805	3,499,846	24,893,726	980,140	1,532,376	1,440,827	620,827	6,792,526	51,747,073
<b>EXPENDITURES</b>									
Operating									
Legislative	23,614	-	-	-	-	-	-	-	23,614
Judicial	1,700,413	-	-	-	-	-	-	-	1,700,413
General government	6,198,005	-	-	-	-	-	-	1,180,500	7,378,505
Public works	-	4,050,264	-	-	-	-	-	52,655	4,102,919
Public safety	387,771	-	22,451,159	-	-	-	-	441,393	23,280,323
Community enrichment and development	415,067	-	-	-	-	-	-	2,677,334	3,092,401
Other	157,680	-	-	-	4,360	2,045	-	2,619	166,704
Capital outlay	289,457	238,819	769,570	-	-	-	1,709,726	2,573,460	5,581,032
Debt service									
Principal retirement	-	-	-	620,754	700,000	-	-	-	1,320,754
Interest and fiscal charges	-	-	-	209,824	812,619	-	-	-	1,022,443
<b>TOTAL EXPENDITURES</b>	9,172,007	4,289,083	23,220,729	830,578	1,516,979	2,045	1,709,726	6,927,961	47,669,108
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	2,814,798	(789,237)	1,672,997	149,562	15,397	1,438,782	(1,088,899)	(135,435)	4,077,965
<b>OTHER FINANCING SOURCES (USES)</b>									
Bond proceeds	-	-	-	-	-	-	26,000,000	-	26,000,000
Transfers in	-	1,000,000	-	-	-	-	350,000	400,000	1,750,000
Transfers out	(1,750,000)	-	-	-	-	-	-	-	(1,750,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(1,750,000)	1,000,000	-	-	-	-	26,350,000	400,000	26,000,000
<b>NET CHANGE IN FUND BALANCES</b>	1,064,798	210,763	1,672,997	149,562	15,397	1,438,782	25,261,101	264,565	30,077,965
<b>FUND BALANCES, beginning of year</b>	6,757,558	1,891,296	9,937,105	425,828	1,959,985	-	(104,322)	7,530,662	28,398,112
<b>FUND BALANCES, end of year</b>	\$ 7,822,356	\$ 2,102,059	\$ 11,610,102	\$ 575,390	\$ 1,975,382	\$ 1,438,782	\$ 25,156,779	\$ 7,795,227	\$ 58,476,077

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended March 31, 2008

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 30,077,965**

Amounts reported for governmental activities in the statement of activities are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Deduct: deposits and accrued expenses	(24,674)
Deduct: deferred revenue	(666,500)
Add: prepaid interest and fiscal charges	6,034

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	5,581,032	
Add: transfers of capital assets	<u>553,878</u>	
Net capital outlay		6,134,910

Deduct: depreciation expense		(3,112,797)
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Deduct: disposals	(13,350)	
Deduct: transfers of capital assets	<u>(553,423)</u>	
Net disposals		(566,773)

Governmental funds report bond proceeds as revenues. However, in the statement of net assets, the receipt of those assets are allocated to the marketable securities and expenses related to the project.

Deduct: bond proceeds		(26,000,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net assets.

Add: principal payments on long term liabilities, net of forgiveness	1,320,754	
Deduct: increase in the accrual for compensated absences	<u>(127,135)</u>	

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 7,041,784**

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL GENERAL FUND Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes and assessments	\$ 3,941,000	\$ 3,941,000	\$ 3,945,222	\$ 4,222
State shared revenues	3,350,000	3,350,000	3,313,596	(36,404)
Charges for services	470,000	470,000	514,433	44,433
Licenses, permits and fees	55,000	55,000	27,320	(27,680)
Investment	1,100,000	1,100,000	1,568,189	468,189
Fines and forfeitures	2,118,500	2,118,500	1,777,525	(340,975)
Rent	710,200	710,200	712,289	2,089
Reimbursements	90,000	90,000	16,897	(73,103)
Miscellaneous	38,000	38,000	111,334	73,334
<b>TOTAL REVENUE</b>	<b>11,872,700</b>	<b>11,872,700</b>	<b>11,986,805</b>	<b>114,105</b>
<b>EXPENDITURES</b>				
Operating				
Legislative	10,000	10,000	23,614	13,614
Judicial	2,065,000	2,065,000	1,700,413	(364,587)
General government	6,664,500	6,664,500	6,198,005	(466,495)
Public safety	433,500	433,500	387,771	(45,729)
Community enrichment and development	399,400	399,400	415,067	15,667
Other	236,600	236,600	157,680	(78,920)
Capital outlay	512,000	512,000	289,457	(222,543)
<b>TOTAL EXPENDITURES</b>	<b>10,321,000</b>	<b>10,321,000</b>	<b>9,172,007</b>	<b>(1,148,993)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,551,700</b>	<b>1,551,700</b>	<b>2,814,798</b>	<b>1,263,098</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,400,000)	(1,400,000)	(1,750,000)	(350,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,400,000)</b>	<b>(1,400,000)</b>	<b>(1,750,000)</b>	<b>(350,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>151,700</b>	<b>151,700</b>	<b>1,064,798</b>	<b>913,098</b>
<b>FUND BALANCES, beginning of year</b>	<b>6,757,558</b>	<b>6,757,558</b>	<b>6,757,558</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 6,909,258</b>	<b>\$ 6,909,258</b>	<b>\$ 7,822,356</b>	<b>\$ 913,098</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL ROAD FUND Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 2,770,000	\$ 2,770,000	\$ 2,810,757	\$ 40,757
Street lighting income	34,000	34,000	35,508	1,508
Road commission repayments	580,000	580,000	583,916	3,916
Sale of assets	15,000	15,000	29,805	14,805
Charges for services	30,000	30,000	32,745	2,745
Other revenues	6,000	6,000	7,114	1,114
<b>TOTAL REVENUE</b>	<b>3,435,000</b>	<b>3,435,000</b>	<b>3,499,845</b>	<b>64,845</b>
<b>EXPENDITURES</b>				
Salaries and wages	1,240,000	1,240,000	1,212,562	(27,438)
Payroll taxes	94,500	94,500	93,381	(1,119)
Life and health insurance	360,000	360,000	308,498	(51,502)
Retirement plan	275,000	275,000	283,086	8,086
Retiree health care	156,000	156,000	129,476	(26,524)
Matching funds-road improvements	650,000	650,000	425,355	(224,645)
Street lighting/traffic signals	100,000	100,000	94,184	(5,816)
Workers compensation insurance	40,000	40,000	39,055	(945)
Sick pay accrual	20,000	20,000	13,486	(6,514)
Other employee fringe benefits	2,000	2,000	1,816	(184)
Office supplies	4,000	4,000	6,554	2,554
Operating supplies	24,000	24,000	17,753	(6,247)
Professional services	78,500	78,500	46,989	(31,511)
Communications	7,000	7,000	9,166	2,166
Transportation	375,500	375,500	388,906	13,406
Insurance and bonds	65,000	65,000	60,556	(4,444)
Repairs and maintenance supplies	835,000	835,000	848,908	13,908
Training expenses	4,000	4,000	2,116	(1,884)
Legal & advertising	2,000	2,000	438	(1,562)
Contracted repairs and maintenance	75,000	75,000	46,799	(28,201)
Miscellaneous	16,500	16,500	21,180	4,680
Capital outlay	180,000	180,000	238,819	58,819
<b>TOTAL EXPENDITURES</b>	<b>4,604,000</b>	<b>4,604,000</b>	<b>4,289,083</b>	<b>(314,917)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,169,000)</b>	<b>(1,169,000)</b>	<b>(789,238)</b>	<b>379,762</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(169,000)</b>	<b>(169,000)</b>	<b>210,762</b>	<b>379,762</b>
<b>FUND BALANCES, beginning of year</b>	<b>1,891,296</b>	<b>1,891,296</b>	<b>1,891,296</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 1,722,296</b>	<b>\$ 1,722,296</b>	<b>\$ 2,102,058</b>	<b>\$ 379,762</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL PUBLIC SAFETY FUND Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
Taxes	\$ 24,550,000	\$ 24,550,000	\$ 24,541,853	\$ (8,147)
Liquor license rebates	20,000	20,000	15,315	(4,685)
Charges for services	195,000	195,000	175,738	(19,262)
Sale of assets	50,000	50,000	72,989	22,989
Federal grants	25,000	25,000	878	(24,122)
Reimbursements	-	-	-	-
Other revenues	40,000	40,000	86,952	46,952
<b>TOTAL REVENUE</b>	<b>24,880,000</b>	<b>24,880,000</b>	<b>24,893,725</b>	<b>13,725</b>
<b>EXPENDITURES</b>				
Salaries and wages	11,943,000	11,943,000	11,351,337	(591,663)
Payroll taxes	901,700	901,700	876,006	(25,694)
Life and health insurance	5,852,300	5,852,300	5,068,815	(783,485)
Retirement plan	2,930,000	2,930,000	3,086,520	156,520
Workers compensation insurance	301,500	301,500	265,760	(35,740)
Sick pay accrual	232,500	232,500	135,647	(96,853)
Other employee fringe benefits	13,850	13,850	16,908	3,058
Office supplies	30,425	30,425	26,468	(3,957)
Operating supplies	223,120	223,120	184,226	(38,894)
Professional services	241,075	241,075	260,303	19,228
Communications	47,800	47,800	42,107	(5,693)
Transportation	351,670	351,670	362,888	11,218
Insurance and bonds	315,000	315,000	283,237	(31,763)
Repair and maintenance	253,350	253,350	177,339	(76,011)
Training expenses	85,500	85,500	61,142	(24,358)
Public utilities	61,735	61,735	67,969	6,234
EMS supplies	-	-	-	-
Miscellaneous	37,000	37,000	184,487	147,487
Capital outlay	1,031,200	1,031,200	769,570	(261,630)
<b>TOTAL EXPENDITURES</b>	<b>24,852,725</b>	<b>24,852,725</b>	<b>23,220,729</b>	<b>(1,631,996)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>27,275</b>	<b>27,275</b>	<b>1,672,996</b>	<b>1,645,721</b>
<b>FUND BALANCES, beginning of year</b>	<b>9,937,105</b>	<b>9,937,105</b>	<b>9,937,105</b>	<b>-</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 9,964,380</b>	<b>\$ 9,964,380</b>	<b>\$ 11,610,101</b>	<b>\$ 1,645,721</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF NET ASSETS PROPRIETARY FUND March 31, 2008

	<u>Water &amp; Sewer</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	
Unrestricted	\$ 1,539,334
Restricted	9,991,164
Receivables	
Oakland County	1,448
Customers	2,617,104
Other	51,646
Inventories	55,003
<b>TOTAL CURRENT ASSETS</b>	<u>14,255,699</u>
<b>CAPITAL ASSETS</b>	
Machinery and equipment	1,408,630
Investment in system	72,293,987
	<u>73,702,617</u>
Less accumulated depreciation	27,802,457
<b>NET CAPITAL ASSETS</b>	<u>45,900,160</u>
<b>OTHER ASSETS</b>	
Bond discount	56,896
Bond issue costs	108,904
<b>TOTAL OTHER ASSETS</b>	<u>165,800</u>
<b>TOTAL ASSETS</b>	<u>60,321,659</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Payables and accrued expenses	1,361,098
Liens and unit charges	113,395
Due to Improvement and Revolving Fund	49,000
Current portion of long term debt	461,834
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,985,327</u>
<b>NONCURRENT LIABILITIES</b>	
Long term debt due in more than one year	14,653,961
<b>TOTAL LIABILITIES</b>	<u>16,639,288</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	30,784,365
Restricted	9,990,984
Unrestricted	2,907,022
<b>TOTAL NET ASSETS</b>	<u>\$ 43,682,371</u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUND Year Ended March 31, 2008

	<u>Water &amp; Sewer</u>
<b>OPERATING REVENUES</b>	
Water sales	\$ 8,679,337
Sewer usage	6,096,610
Debt service charges	345,942
Privilege fees	195,600
Tap sales	25,600
Meter material and service sales	93,978
Federal Grants	20,305
Late payment penalties	172,685
Capital charges	<u>4,020</u>
<b>TOTAL OPERATING REVENUES</b>	15,634,077
<b>DIRECT COSTS</b>	
Water purchased	6,330,065
Treatment charges	4,767,696
Tap costs	25,986
Meter, materials and service costs	<u>58,116</u>
<b>TOTAL DIRECT COSTS</b>	11,181,863
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>	<u>4,589,803</u>
<b>OPERATING LOSS</b>	(137,589)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest	54,033
Miscellaneous	9,890
Interest	(374,788)
Deferred charges	-
<b>TOTAL NONOPERATING REVENUES</b>	<u>(310,865)</u>
<b>LOSS BEFORE CONTRIBUTIONS</b>	(448,454)
<b>CONTRIBUTIONS FROM DEVELOPERS</b>	<u>1,216,757</u>
<b>CHANGE IN NET ASSETS</b>	768,303
<b>NET ASSETS, beginning of year</b>	<u>42,914,068</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 43,682,371</u></u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF CASH FLOWS PROPRIETARY FUND Year Ended March 31, 2008

	<u>Water &amp; Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 14,990,543
Receipts for miscellaneous	512,188
Payments to employees and suppliers	<u>(14,649,930)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	852,801
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Advances to other governments	(68,099)
Receipts from other governments	<u>100,810</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	32,711
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
General obligation contracts with County	
Principal payments	(526,552)
Interest and fiscal charges	(376,803)
New borrowings	8,750,000
Bond costs	(90,377)
Proceeds from sale of capital assets	1,110
Purchase of capital assets	<u>(3,671,807)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	4,085,571
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	54,033
Miscellaneous	<u>11,902</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>65,935</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,037,018
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>6,493,480</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 11,530,498</u></u>
<b>STATEMENT OF NET ASSETS CLASSIFICATION OF CASH</b>	
Unrestricted	\$ 1,539,334
Restricted	<u>9,991,164</u>
<b>TOTALS</b>	<u><u>\$ 11,530,498</u></u>

The accompanying notes are an integral part of these financial statements.



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF CASH FLOWS (CONCLUDED)

### PROPRIETARY FUND

Year Ended March 31, 2008

	<u>Water &amp; Sewer</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (137,588)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,550,637
Gain on sale of assets	22,276
(Increase) decrease in:	
Receivables from customers	(123,371)
Receivables from miscellaneous	6,000
Inventories	105
Increase (decrease) in:	
Accounts payable and accrued expenses	(451,283)
Due to Improvement & Revolving Fund	3,025
Deferred revenue	(17,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 852,801</u></u>
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>	
Capital assets of \$1,216,757 were acquired through contributions from developers.	

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF NET ASSETS FIDUCIARY FUNDS

	Total Other Employee Benefit Trust Funds	Retirement System Pension Trust	Agency Fund
	March 31, 2008	December 31, 2007	March 31, 2008
<b>ASSETS</b>			
Cash	\$ 135,361	\$ -	\$ 2,710,658
Investments			
Mutual funds	169,487	-	-
Insurance company guaranteed investment mutual fund	-	87,757,235	-
Insurance company stock mutual funds	-	19,834,069	-
<b>TOTAL ASSETS</b>	<b>304,848</b>	<b>107,591,304</b>	<b>2,710,658</b>
<b>LIABILITIES</b>			
Employees' compensated absences	-	-	1,688,028
Accounts payable and withholdings	-	-	41,636
Deposits and other liabilities			
Escrow deposits	-	-	326,819
Developer deposits	-	-	445,950
Other	-	-	208,225
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,710,658</b>
<b>NET ASSETS</b>			
Held in trust for pension benefits	304,848	107,591,304	-
<b>TOTAL NET ASSETS</b>	<b>\$ 304,848</b>	<b>\$ 107,591,304</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS RETIREMENT PLANS

	<b>Total Other Employee Benefit Trust Funds</b>	<b>Retirement System Pension Trust</b>
	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>ADDITIONS</b>		
Interest income	\$ 11,685	\$ 4,049,126
Dividend income	5,494	2,495,327
Contributions	111,780	4,942,349
Increase (decrease) in fair value	(14,261)	(569,228)
<b>TOTAL ADDITIONS</b>	<b>114,698</b>	<b>10,917,574</b>
<b>DEDUCTIONS</b>		
Distributions	-	6,334,903
Administrative fees	-	86,128
<b>TOTAL DEDUCTIONS</b>	<b>-</b>	<b>6,421,031</b>
<b>CHANGE IN NET ASSETS</b>	<b>114,698</b>	<b>4,496,543</b>
<b>NET ASSETS, beginning of year</b>	<b>190,150</b>	<b>103,094,761</b>
<b>NET ASSETS, end of year</b>	<b>\$ 304,848</b>	<b>\$ 107,591,304</b>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Bloomfield (the "Township") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

#### A. Financial Reporting Entity

##### 1. Description of Reporting Entity

The Charter Township of Bloomfield, County of Oakland, State of Michigan was organized in 1827 as a common law township and was known as Bloomfield Township until September 13, 1993. On September 13, 1993, the Township's Board of Trustees incorporated the Township and it is now known as the Charter Township of Bloomfield, Michigan.

The Township covers an area of approximately 25 square miles. Operations are governed by an elected board of seven trustees, including a full time supervisor, clerk and treasurer. The Township's government provides law enforcement, public safety, fire protection, justice administration, water and sewer and community development services to approximately 44,500 residents.

In accordance with GAAP and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component unit, an entity for which the Township is considered to be financially accountable. The Component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

##### 2. Discretely Presented Component Unit – Bloomfield Township Public Library

The Bloomfield Township Public Library (the "Library") was organized in 1963. The Library operates under an autonomous library board and provides library services to the residents of the Township. The Library Board is required to report to the Township Board of Trustees regarding the expenditures of funds and other information about Library operations. The Library may not issue debt or levy a tax without the approval of the Township's Board of Trustees. If approval is granted, the Library taxes are levied under the taxing authority of the Township, as approved by the Township's electors, and would be included as part of the Township's total tax levy, as well as reported in a Library revenue fund. Financial statements of the Library may be obtained from the Township's Clerk's office.

##### 3. Bloomfield Village Association

Bloomfield Village Association (the "Association") (presented as "Bloomfield Village" in the financial statements) is a subdivision association located within the Township. Residents who live within the Association's boundaries have consented to be a special assessment district within the Township. The special assessment is to provide extra police and fire services to the residents of the Association over and above the Township's general public safety services. This assessment activity is shown as special revenue funds of the Township. This is not a component unit of the Township.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component* units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The government reports the following major governmental funds:

##### General

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

##### Road

The *Road fund* is a special revenue fund which provides street improvement and maintenance services to the Township's residents.

##### Public Safety

The *Public Safety fund* is a special revenue fund to account for a tax levy for the purpose of providing police and fire protection services to the Township's residents.

##### Drain at Large

The *Drain at Large fund* is a debt service fund used to collect funds for retirement of debt related to construction, repair, and maintenance of drains.

##### Library Debt Retirement

The *Library Debt Retirement fund* is a debt service fund used to collect funds for retirement of debt related to library construction bonds.

##### Campus Construction Debt Retirement

The *Campus Construction Debt Retirement fund* is a debt service fund used to collect funds for retirement of debt related to campus construction bonds.

##### Campus Construction Fund

The *Campus construction fund* is a capital projects fund used to account for the construction of major capital facilities and improvements.

The government reports the following major proprietary funds:

##### Water and Sewer

The *Water and Sewer fund* accounts for the activities of the government's water distribution, sewage disposal and related treatment systems.

Additionally, the government reports the following other fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes, not including major capital projects.

The *debt service fund* is used to account for the accumulation of resources for and the payment of principal and interest on long term general obligation debt of governmental funds not being financed by proprietary funds.

The *retirement system pension trust* is used to account for pension assets reserved for future pension obligations.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *retiree health care fund* is used to account for assets reserved for future health care costs of retirees.

The *defined contribution plan* is used to account for future retirement benefits for eligible employees.

The *agency funds* account for assets held for other governments in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Assets, Liabilities and Fund Equity

##### 1. Cash, Cash Equivalents and Investments

a. For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

b. Investments are stated at fair value based on quoted market prices.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities and Fund Equity (Continued)

##### 1. Cash, Cash Equivalents and Investments (Continued)

- c. Investment income from cash and cash equivalents is assigned to the water and sewer fund based on the average amount invested by this fund during the year. The remainder of the investment income is assigned to the general fund. Income is recorded when received which is not materially different from the modified accrual basis.

##### 2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

##### 3. Inventory

Inventory is recorded at the lower of cost or market, with cost determined on a first-in, first-out basis. Market is based on the lower of replacement cost or realizable value. Inventory, which consists of materials and supplies, are recorded as expenditures (in the governmental fund types) and expenses (in the proprietary fund type) when used.

##### 4. Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded in both the government-wide and fund financial statements.

##### 5. Restricted Assets

In the Special Revenue, Debt Service and Water and Sewer Funds certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet or statement of net assets because their use is limited by applicable bond covenants. Also, certain resources of the Water and Sewer Fund have been set aside to fund capital asset replacements.

##### 6. Capital Assets

Capital assets of all funds and the component unit are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets, which include property, plant equipment and infrastructure assets (e.g., sidewalks and drains) are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized.



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities and Fund Equity (Continued)

##### 6. Capital Assets (Continued)

Interest costs are incurred by the proprietary fund when debt proceeds are used to finance the construction of assets. It is the Township's policy that such costs be expensed rather than capitalized as part of the cost of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	40
Vehicles	3-20
Machinery & Equipment	10
Infrastructure & Water and Sewer System Improvements	15-50

##### 7. Long term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 8. Compensated Absences and Sick Pay Funding

Full-time permanent employees are granted vacation and sick pay benefits in varying amounts up to specified maximums depending on tenure and/or department with the Township. Township employees have the option of accumulating earned and unused sick and vacation pay. There are certain limits on the amount of sick and vacation pay which can be accumulated; these limits vary and depend on tenure and/or department. Employees are entitled to their accrued vacation leave and, in certain circumstances, a portion of their sick pay upon termination. Employees are entitled to a portion of their sick pay balance upon retirement.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities and Fund Equity (Continued)

##### 8. Compensated Absences and Sick Pay Funding (Continued)

Each year, cash is transferred to the Sick Pay Agency Fund for accumulated sick pay at the end of the fiscal year. The sick pay liability is reported as a compensating balance to the cash restricted in the fund for payment of sick pay benefits.

As of March 31, 2008, accrued payroll taxes on sick pay, and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees compensated absences and are included in long term liabilities on the government-wide financial statements.

##### 9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

##### 10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### 11. Reclassifications

Certain amounts in the Library's (Component Unit) financial statements have been reclassified in order to conform to the presentation of the Township's (Reporting Entity) financial statements.

### II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Board of Trustees holds budget hearings in November and a final budget must be adopted prior to April 1. The budget document presents information by fund, function, department and line items. The funds for which budgets are required are adopted on a fund basis.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting was employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as reservations of fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year end; the commitments would be reappropriated and honored during the subsequent year.

Instead, amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### III. CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated seven banks for the deposit of Township funds. The investment policy adopted by the board has authorized investment in the certificates of deposit of local banks, bonds, securities, and other direct obligations of the United States, certain fixed income securities, and United States Treasury bills, but not the remainder of the State statutory authority as listed above.

The Township's retirement system investments are held in trust by the investment fiduciary, Prudential Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system. However, all of the Township's retirement system investments are in an insurance mutual fund or in insurance company separate accounts, and therefore, are uncategorized as to risk.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash & Cash Equivalents	\$ 7,119,200	\$11,530,498	\$2,846,019	\$21,495,718	\$11,102,506
Investments	<u>48,135,170</u>	<u>-</u>	<u>-</u>	<u>48,135,170</u>	<u>1,525,925</u>
Total	<u>\$55,254,370</u>	<u>\$11,530,498</u>	<u>\$2,846,019</u>	<u>\$69,630,888</u>	<u>\$12,628,431</u>

#### Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$21,494,302 of which \$54,282 is covered by federal depository insurance and the remainder of \$21,440,020 is uninsured and uncollateralized. The primary government also has \$18,300,000 in non negotiable certificates of deposit recorded as investments, of which \$400,000 is covered by federal depository insurance, and the remainder of \$17,900,000 is uninsured and uncollateralized. The component unit had bank deposits (certificates of deposit, checking and savings accounts) of \$6,983,846 that was uninsured and uncollateralized.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### III. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Credit Risk

State law limits investments in commercial paper to the two highest classifications rated by the two standard rating agencies. Furthermore, the Township's investment policy states that investments in fixed income securities must be AAA rated by Standard & Poor's, have maturities of five years or less, be readily marketable issues, and have significant trading volume within a continuous market and are within the parameters of MCL 41.77 and MCL 129.91. The following is an illustration, with the level of investment displayed as a percentage of total investments exposed to credit risk.

#### Credit Quality Distribution of Securities With Credit Exposure as a Percentage of Total Investments

##### Primary Government Investment

Fixed income mutual funds	\$28,845,029	AAA	100%
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##### Component Unit Investment

Money market	\$1,601,354	A +	33%
Money market	2,119,103	AAA	43%
U.S. treasury securities	1,196,133	AAA	24%

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. As a means of limiting its exposure to fair value losses arising from interest rates, the Township's investment policy restricts investment maturities of fixed income securities to five years or less. At year end, the Township had the following investments and maturities.

##### Investment Maturities (in Years)

<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Les than 1</u>	<u>1-5</u>
U.S. treasuries	\$ 990,142	\$ 990,142	
Fixed income mutual funds*	28,845,029	1,671	\$ 28,841,358

\* Determined based on the average weighted duration of the mutual fund

##### Component Unit Investment Type

Money market	\$ 1,196,133	\$ 1,196,133
U.S. treasury securities	3,720,457	3,720,457

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### IV. RECEIVABLES

Receivables as of year-end for the government's individual major, non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road	Public Safety	Drain at Large	Library Debt Retirement	Campus Construction Debt Retirement	Water & Sewer	Non-Major & Other	Total
Delinquent taxes	\$ 598,914	\$ 224,203	\$ 1,948,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,771,332
Accounts receivable	-	-	-	-	-	-	2,670,198	3,546	2,673,744
Local school systems	-	-	185,512	-	-	-	-	-	185,512
Component unit	380,665	-	-	-	-	-	-	-	380,665
Special assessment, voted millage	-	-	-	-	21,150,000	-	-	-	21,150,000
Interest & other receivables	1,246,814	496,392	-	-	-	-	-	263,959	2,007,165
Less: Allowance for uncollectibles	-	-	-	-	-	-	-	-	-
Net Receivables	\$ 2,226,393	\$ 720,595	\$ 2,133,727	\$ -	\$ 21,150,000	\$ -	\$ 2,670,198	\$ 267,505	\$ 29,168,418

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Accounts Receivable	-	\$ 141,615
Total	-	\$ 141,615

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### V. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Construction in Progress	104,322	1,709,725	-	1,814,047
Subtotal	932,970	1,709,725	-	2,642,695
Capital Assets being Depreciated				
Buildings	18,551,468	115,210		18,666,678
Improvements Other Than Buildings	11,374,443	2,447,905	-	13,822,348
Machinery and Equipment	17,048,658	1,892,254	(1,098,916)	17,841,996
Infrastructure	12,697,399	-	(9)	12,697,390
Subtotal	59,671,968	4,455,369	(1,098,925)	63,028,412
Less Accumulated Depreciation for				
Buildings	7,527,647	470,287	-	7,997,934
Improvements Other Than Buildings	4,018,990	869,270	-	4,888,260
Machinery and Equipment	11,373,200	1,519,292	(542,006)	12,350,486
Infrastructure	5,307,581	253,948	-	5,561,529
Subtotal	28,227,418	3,112,797	(542,006)	30,798,209
Net Capital Assets Being Depreciated	31,440,550	1,342,572	(556,919)	32,230,203
Governmental Activities Total				
Capital Assets - Net of Depreciation	\$ 32,377,520	\$ 3,052,297	\$ (556,919)	\$ 34,872,898
<b>Business-Type Activities</b>				
Capital Assets not being Depreciated				
Improvements to systems	\$ -	\$ 1,511,072	\$ -	\$ 1,511,072
Subtotal	-	1,511,072	-	1,511,072
Improvements to systems	39,355,890	3,246,988	-	42,602,878
Machinery and Equipment	1,321,029	130,511	(42,910)	1,408,630
Township Share of County Sewers	28,180,037	-	-	28,180,037
Subtotal	68,856,956	3,377,499	(42,910)	72,191,545
Less Accumulated Depreciation for				
Improvements to systems	14,413,134	852,058	-	15,265,192
Machinery and Equipment	747,798	134,978	(19,519)	863,257
Township Share of County Sewers	11,110,407	563,601	-	11,674,008
Subtotal	26,271,339	1,550,637	(19,519)	27,802,457
Net Capital Assets Being Depreciated	42,585,617	1,826,862	(23,391)	44,389,088
Business-type Activities Total				
Capital Assets - Net of Depreciation	\$ 42,585,617	\$ 3,337,934	\$ (23,391)	\$ 45,900,160

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### V. CAPITAL ASSETS (Continued)

Increases to Capital assets include the purchase of a vehicle with Federal drug forfeiture funds held in the agency account in the amount of \$23,020.

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 645,286
Public Safety	929,218
Public Works	1,463,419
Community Enrichment and Development	<u>74,874</u>
Total Governmental Activities	<u>\$ 3,112,797</u>
Business-Type Activities	
Water & Sewer	<u>\$ 1,550,637</u>

Capital asset activity of the Component Unit was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Construction in process	16,571,847	3,236,775	-	19,808,622
Subtotal	16,702,862	3,236,775	-	19,939,637
Capital Assets being Depreciated				
Buildings	5,483,520	47,965	-	5,531,485
Furniture and equipment	2,582,617	2,279,214	(432,262)	4,429,569
Library books and audiovisual materials	3,286,606	573,435	(331,295)	3,528,746
Subtotal	11,352,743	2,900,614	(763,557)	13,489,800
Less Accumulated Depreciation	(4,896,768)	(976,242)	571,553	(5,301,457)
Net Capital Assets Being Depreciated	6,455,975	1,924,372	(192,004)	8,188,343
Net Capital Assets	<u>\$ 23,158,837</u>	<u>\$ 5,161,147</u>	<u>\$ (192,004)</u>	<u>\$ 28,127,980</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$976,242 for the year ended March 31, 2008.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### VI. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Township reports interfund balances between many of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Receivable</u>	<u>Payable</u>
<b>Due from/to other funds:</b>		
General Fund	\$ 380,665	\$ -
Non-major Governmental Funds	49,000	-
Water and Sewer Fund	-	49,000
Intergovernmental	-	380,665
	<u>\$ 429,665</u>	<u>\$ 429,665</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Interfund transfers</b>		
General Fund	\$ -	\$ 1,750,000
Road Fund	1,000,000	-
Non-major Governmental Funds	750,000	-
	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### VII. LONG TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>							
County Drain Contracts	2-7%	2025	\$ 8,189,939	\$ -	\$ (620,754)	\$ 7,569,185	\$ 474,026
Library Construction bond	2-5%	2025	21,850,000	-	(700,000)	21,150,000	775,000
General Construction bond	5.5%	2032	-	26,000,000	-	26,000,000	500,000
Employees compensated absences	-	N/A	<u>907,151</u>	<u>127,135</u>	<u>-</u>	<u>1,034,286</u>	<u>-</u>
Total Governmental Activities			<u>\$30,947,090</u>	<u>\$ 26,127,135</u>	<u>\$ (1,320,754)</u>	<u>\$55,753,471</u>	<u>\$ 1,749,026</u>
<b>Business-Type Activities</b>							
County water & contracts	2-7%	2026	<u>6,892,347</u>	<u>8,750,000</u>	<u>(526,552)</u>	<u>15,115,795</u>	<u>461,834</u>
Total Business-Type Activities			<u>\$ 6,892,347</u>	<u>\$ 8,750,000</u>	<u>\$ (526,552)</u>	<u>\$15,115,795</u>	<u>\$ 461,834</u>

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### VII. LONG TERM DEBT (Continued)

Annual debt service requirements to maturity for the above obligations are as follows:

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,749,026	\$ 3,174,349	\$ 461,834	\$ 757,204
2010	2,028,829	2,459,933	515,120	538,190
2011	2,149,535	2,381,142	529,314	519,477
2012	2,215,863	2,296,407	569,366	500,500
2013	2,307,694	2,206,460	581,773	480,312
2014 – 2018	12,349,456	9,497,328	3,458,388	2,024,385
2019 – 2023	11,788,432	6,865,348	4,300,000	1,337,500
2024 – 2028	10,130,350	4,027,258	4,700,000	394,950
2024 – 2028	<u>10,000,000</u>	<u>1,581,250</u>	<u>-</u>	<u>-</u>
	<u>\$54,719,185</u>	<u>\$34,489,475</u>	<u>\$15,115,795</u>	<u>\$6,552,518</u>

### VIII. COMMITMENTS

#### A. Franchise Agreement

The Township has entered into an agreement with Comcast under which it granted that company a non-exclusive franchise to provide cable television services in the Township. This agreement, which expires October 14, 2014, provides that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. Total franchise fees recognized under this agreement during the current year were \$666,294.

#### B. Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2016 to the State of Michigan 48<sup>th</sup> Judicial District Court. Rent income for the year was \$511,216.

The General Fund leases land for mobile telecommunications broadcast towers under five separate agreements. Two of these agreements expire July 31, 2009, and require annual rental payments of \$18,992 each. The other three agreements expire November 30, 2009, and require annual rental payments of \$20,524 each. These agreements all have predetermined extension terms.

Lease commitments, for lease income, for the next five years ending March 31 are as follows:

	<u>General</u>
2009	\$ 610,772
2010	511,216
2011	511,216
2012	511,216
2013	<u>511,216</u>
	<u>\$ 2,655,636</u>

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### VIII. COMMITMENTS (Continued)

#### C. Lessee Agreements

The Township has entered into a triple net lease agreement with BFD Office Associates, LLC to lease facilities for Adult Day Care Service. The lease term began on February 1, 2006, and will end respectively on April 30, 2012. Rent expense for the year was \$51,600.

The Township has entered into an agreement with Bloomfield Hills Schools to lease facilities for the Greater Bloomfield Senior Association, a program of the Senior Services Special Revenue Fund. This lease agreement will end on April 30, 2010, and requires an annual rental payment of \$1.

Lease commitments for the next five years ending March 31 are as follows:

	<u>Senior Services</u>
2009	\$ 51,601
2010	51,601
2011	51,600
2012	4,300
2013	<u>-</u>
	<u>\$ 159,102</u>

#### D. Interfund Lease Agreements

The Cable Television Special Revenue Fund uses a Township owned building and automobile. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental income related to this agreement was \$115,000 for the year ended March 31, 2008.

The Water and Sewer Fund leases Township owned computer equipment. The General Fund is reimbursed for the use. This agreement is cancelable at any time. Rental expenses related to this agreement were \$6,000 for the year ended March 31, 2008.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### IX. RETIREMENT PLAN – PENSION TRUST

#### A. Plan Description

The Township contributes to the Township of Bloomfield Retirement Income Plan (the “Plan”), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees’ retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2008, the date of the plan’s latest actuarial valuation.

Based on state statutes, all full-time employees must be allowed to participate in city or municipal pension plans. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township’s pension plan, pension benefits vest after eight years of full-time employment, except for the Township’s police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80 to 100% of final earnings. Retirement ages also vary by department and range from age 52 to age 55. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

Membership in the Plan consisted of the following at January 1, 2008, the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	217
Terminated and inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>253</u>
Total	<u>484</u>

#### B. Basis of Accounting

The Plan’s financial statements are prepared using information as of December 31, 2007, which approximates the date of the plan’s latest actuarial report. The plan’s financial statements include contributions received and benefits paid through that date.

#### C. Method Used to Value Investments

The Plan’s investments are in the general accounts or mutual funds of a life insurance company and are reported at stated contract value or market value. Administrative fees are paid from investment earnings.

#### D. Funding Policy

The obligation to contribute to and maintain the Plan for the Township’s employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the pension plan. All other employees may contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### IX. RETIREMENT PLAN – PENSION TRUST (Continued)

#### D. Annual Pension Cost

For plan year 2007, the Township's annual pension cost of \$4,538,477 was equal to the Township's required and actual contributions. The required contribution was determined as part of a January 1, 2007, actuarial valuation using the aggregate cost actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increase of 4% per year, (c) cost of living adjustment of 1.00% and (d) estimated expenses of 2% of benefits payable over future years. Assets are invested in the general accounts or mutual funds of an insurance company and are valued at the stated contract value (the sum of contributions plus interest less withdrawals). The aggregate actuarial cost method generally does not identify and separately amortize unfunded actuarial liabilities.

#### F. Three-Year Trend Information

<u>Year Ended December 31</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2005	\$3,830,704	100%	-0-
2006	\$4,005,320	100%	-0-
2007	\$4,538,477	100%	-0-

#### G. Contributions Required and Contributions Made

Total contributions to the pension plan for the plan year beginning January 1, 2007, amounted to \$4,942,349, of which \$4,538,477 and \$403,872 were made by the Township and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of January 1, 2007. The pension contributions represent funding for normal cost. Contributions made by the Township and its employees represent 28.6% and 2.5%, respectively, on covered payroll of \$15,858,763 for the 2007 calendar year.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

### X. RETIREMENT PLAN – DEFINED CONTRIBUTION PLAN

#### A. Plan Description

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires. At March 31, 2008 there were 30 plan members. A stand-alone financial report of the plan has not been issued.

#### B. Contributions Required and Contributions Made

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except collectively bargained employees. Township contributions for collectively bargained employees will be made in accordance with the Collective Bargaining Agreement. Contributions are to be made each December. In December 2007, a contribution in the amount of \$105,397 was made to the plan by the Township. In addition, discretionary contributions in the amount of \$6,383 were made to the plan by Township employees.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### XI. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan, available to all Township employees, permits them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

As required by GASB 32, this plan's assets are held in a separate trust and thus, are not included in the financial statements of the Township.

### XII. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note IX, the Township provides health and life insurance to employees who retire after attaining age 55 and who have at least 8 years of service. Retiring police officers are eligible at age 52 after 10 years of service. Some of these benefits are required in accordance with applicable employment contracts. Currently, 185 retirees meet the eligibility requirements. Expenditures for these benefits were approximately \$2,314,397 for the year ended March 31, 2008. The Township's obligation for benefits is limited to the term of the contract with each employee bargaining unit. The Township is obligated for the benefits provided to current retirees for the duration of their retirement. The Township uses the pay-as-you-go method of funding.

**Upcoming Reporting Change** – The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government un recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the Township to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

### XIII. CONTINGENCIES

#### A. Litigation

The Township is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

### XIV. OTHER INFORMATION

#### A. Risk Management

The Township is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposures and provides certain employee benefits through a combination of risk management pools, commercial insurance policies and excess coverage policies. Following is a summary of the Township's risk management.

The Township participates with the Michigan Municipal Risk Management Authority (MMRMA), a self-insured association with a membership of approximately 270 Michigan local governmental units, for general and automobile liability, motor vehicle physical damage, judicial tenure defense and property damage coverages. Members include cities, counties, townships and special purpose governments. The MMRMA is organized under the laws of the State of Michigan and is governed by a Board of Directors elected by the membership. The MMRMA provides risk management, claims administration, legal defense and reinsurance services to its members.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### XIV. OTHER INFORMATION (Continued)

#### A. Risk Management (Continued)

The Township makes annual contributions to MMRMA based upon underwriting criteria and guidelines approved by the Board of Directors of MMRMA. Underwriting guidelines may be based upon net operating expenditures, number of employees, size of payroll, size and complexity of operations, loss experience, loss control efforts and any other relevant risk related criteria. These contributions are paid from the Township's General Fund and costs are allocated to the Township's other Funds.

Contributions received by MMRMA to pay administrative expenses, excess insurance, stop loss insurance, reinsurance and all other necessary MMRMA obligations are paid into the MMRMA General Fund. The Board of Directors of MMRMA has also established a minimum amount of funds each member must maintain on deposit with MMRMA.

The Member's Funds on Deposit are used to pay losses and allocated loss adjustment costs that fall within the Township's self-insured retention limits along with certain other member specific costs.

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustment not paid as estimated by MMRMA. At March 31, 2008, the balance of the township's funds on payable in the Member Retention Fund of the MMRMA was \$13,933 and the claims incurred and allocated claims adjustment accrued was \$21,034.

The Township's self-insured retention limits must be fully satisfied before the MMRMA will assume any responsibility for payment of losses. The Township participates in MMRMA's Stop Loss Program. The stop loss program limits the self-insured retention limit payments made on behalf of the Township in the MMRMA's fiscal year. The Township's aggregate cash payments for its self-insured retention limited obligations must exceed \$249,000 before the stop loss program will become responsible for making further self-insured retention limit payments on behalf of the Township. The Township's self-insured retention limits are as follows:

<u>Coverage</u>	<u>Self-Insured Retention</u>
Liability	\$150,000
Vehicle Physical Damage \$1,000 Member deductible	\$15,000 per vehicle \$30,000 per occurrence
Property and Crime \$1,000 deductible per occurrence	10% of the next \$100,000
Sewage System Overflow No deductible	\$150,000 per occurrence
Employee Benefits – Commercial Insurance Provider	
Workers' Compensation – Commercial Insurance Provider	

At March 31, 2008, there were no claims which exceeded insurance coverage for any of the past five fiscal years. The Township had no significant reduction in insurance coverage from previous years.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2008

### XIV. OTHER INFORMATION (Continued)

#### A. Risk Management (Continued)

The Township has an experience-rated group health insurance reserve for the employee health care benefit plan.

The insurance carrier maintains a separate Premium Stabilization Reserve (PSR) in addition to the carrier's insurance reserves funded and maintained pursuant to applicable insurance laws and sound underwriting practice.

The PSR is funded with experience-rated margins from the insurance carrier. Interest earned on the PSR is used to offset the carrier's cost of maintaining the Plan.

The PSR may be reduced in any policy year for the excess claims paid, reserve adjustments and expenses including (risk charges over) premiums paid, and any premium increases that would otherwise be funded by the Township.

The carrier determines the PSR balance yearly. This balance decreases or increases in value depending on claims paid in comparison to premiums. Any decrease or increase is booked directly to the reserve and has no impact on the Township's financial statements.

#### Library

The library is exposed to risks of loss related to theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's general liability and property damage insurance is included in the Township's plan. Employee benefits and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2008, there were no claims which exceeded insurance coverage for any of the past four fiscal years. The Library had no significant reduction in insurance coverage from previous years.

#### B. Property Taxes

##### Delinquent Property Taxes Receivable

- a. Property taxes are assessed as of December 31 and the resulting property taxes become a lien on December 1 of the following year for the township taxes.
- b. The tax levy dates and the budget years are as follows:

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – July 1, 2007 through June 30, 2008	7-1-07
Township – April 1, 2007 through March 31, 2008	12-1-07



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

March 31, 2008

### XIV. OTHER INFORMATION (Continued)

#### B. Property Taxes (Continued)

##### Delinquent Property Taxes Receivable (continued)

c. The 2007 tax levy is summarized as follows:

	Taxable Value	Rate Per \$1,000	Levy
Township			
General	\$ 3,934,123,580	.9947	\$ 3,913,273
Senior services	\$ 3,934,123,580	.2439	959,533
Public safety – voted	\$ 3,934,123,580	6.2293	24,506,836
Roads – voted	\$ 3,934,123,580	.7169	2,820,373
Library-operating – voted perpetual	\$ 3,934,123,580	1.8390	7,234,853
Drain debt service	\$ 3,934,123,580	.2500	983,531
Transportation voted	\$ 3,934,123,580	.5900	2,321,133
Capital Improvements	\$ 3,934,123,580	.3635	1,430,054
Safety Path voted	\$ 3,934,123,580	.4839	1,903,722
Total Township		11.7112	\$ 46,073,308

	SEV	Rate Per \$1,000	Levy
Special assessments			
Bloomfield Village Association			
Fire	\$ 347,000,710	.2680	\$ 92,996
Police	\$ 347,000,710	1.1430	396,622
Total Bloomfield Village		1.4110	\$ 489,618

d. In August 2001, the Township entered into an agreement for conditional transfer of property (under Public Act 425 of 1984, as amended) with the City of Birmingham, a Michigan Municipal Corporation. The Act enables two local units of government to conditionally transfer property by agreement for the purpose of economic development. Under the Agreement, the transferred area is considered as being within the corporate limits and jurisdiction of the City of Birmingham for the purposes of real and personal property taxation. During the term of the agreement and any renewals, the City of Birmingham shall annually pay the Township the equivalent of the Township's then-prevailing property tax millage on the taxable value of the transferred area. This agreement ended in the 3/31/2007 fiscal year.

### XV. CONSTRUCTION IN PROGRESS

On August 8, 2006, voters approved a 25 year general obligation bond proposal that will allow the Township to fund a proposed \$26 million Capital Building project. The project consists of the construction of a new senior center, new public services facility, and a new central fire station to be located at the Township's civic campus and the renovation an existing fire station located elsewhere in the Township. The vote allowed for an estimated simple average annual millage of .3808 mills for the repayment of the bonds.

The Capital Building project bonds were sold in November of 2007. As of the date of the balance sheet the project was in transition from the planning to the construction stage. Construction commenced April 9, 2008.

# **CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

**March 31, 2008**

### **XVI. PRIOR PERIOD ADJUSTMENT & RESTATEMENT**

Fund balances were restated at the fund level as of March 31, 2007, to correct the allocation of tax revenues between funds. The restatement does not change total fund balance, but caused an increase in the fund balance for the Road Fund by \$2,831, decreased the fund balance for the Senior Services Fund by \$35,871, increased the fund balance for the Public Safety Fund by \$36,259, decreased the fund balance for the Drain at Large Fund by \$1,826, increased the fund balance for the Safety Path Fund by \$1,050 and decreased the fund balance of the Library Debt Retirement Fund by \$2,443.

Net assets at the beginning of the year have been adjusted to correct for March 31, 2007 expenditures charged to net assets, which have been determined to be construction in progress.

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE**  
(unaudited - not covered by audit opinion)

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE

(unaudited - not covered by audit opinion)

March 31, 2008

### A. Tax Levies and Collections

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS TO MARCH 1 OF FOLLOWING YEAR</u>	
2007	\$43,752,175	\$42,327,344	96.74%
2006	40,831,652	38,659,606	94.68%
2005	40,077,547	38,234,099	95.40%
2004	37,486,906	35,656,378	95.12%
2003	33,797,608	32,140,571	95.10%
2002	23,530,927	22,275,924	94.67%
2001	21,973,351	20,784,593	94.59%
2000	20,275,093	19,263,366	95.01%
1999	18,975,670	18,134,758	95.57%
*1998	17,288,738	16,592,982	95.98%
1997	17,633,632	16,878,656	95.72%
1996	17,728,471	17,029,447	96.06%
1995	16,992,104	16,240,121	95.57%

\*Beginning in 1998, the Township Tax Levy no longer includes the Oakland County Public Transportation millage.  
Source: Treasurer, Charter Township of Bloomfield

The Township's taxes are due and payable and a lien created upon the assessed property on December 1 each year. Taxes remaining unpaid on the following March 1 are turned over to the County Treasurer for collection. If all real property taxes are not paid by May 1 two years following return to the County Treasurer, the property is sold for taxes.

### B. History of Property Valuations\*

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2008	4,492,380,886	3,948,259,831
2007	4,696,964,620	3,934,123,580
2006	4,499,786,770	3,732,884,300
2005	4,358,891,740	3,531,875,030
2004	4,159,870,180	3,380,624,306
2003	4,005,952,600	3,236,501,438
2002	3,816,576,370	3,115,293,208
2001	3,515,424,250	2,952,304,218
2000	3,235,169,350	2,757,447,208
1999	3,001,661,120	2,646,257,403
1998	2,756,543,150	2,538,783,130
1997	2,575,677,890	2,436,762,470
1996	2,442,271,550	2,344,785,060
1995	2,292,754,670	2,252,388,450

\*Beginning in 1995, the Taxable Value and not the State Equalized Value is used to calculate the tax levy.

### C. Michigan Property Tax and School Finance Reform

See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information Repositories regarding this topic.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONTINUED)

(unaudited - not covered by audit opinion)

March 31, 2008

D. Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

<u>Purpose</u>	Rate (Per \$1,000 of State) <u>Equalized Valuation</u>	Maximum <u>Permitted Rate*</u>
General Operating	\$ .9961	\$ .9961

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

<u>Purpose</u>	<u>Authority</u>	Rate (per \$1,000 of State) <u>Equalized Valuation</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police & Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues, which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

\*The Michigan Constitution provides for tax rate limitations. See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information repositories regarding these limitations.

E. Labor Agreements

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefits and working conditions contracts with the Township.

The duration of these agreements are as follows:

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Expiration Date of Contract</u>
Firefighters	66	March 31, 2005
Police Employees (Command Officers)	12	March 31, 2010
Police Employees (Patrolmen)	56	March 31, 2010

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONCLUDED)

(unaudited - not covered by audit opinion)

March 31, 2008

F. General Fund - Fund Balance

The Township's General Fund balance for the last ten years has been as follows:

<u>Fiscal Year Ending</u> <u>March 31</u>	<u>Fund Balance</u>
2008	\$ 7,822,356
2007	6,757,558
2006	4,874,045
2005	3,702,360
2004	3,249,920
2003	3,313,751
2002	2,950,118
2001	6,275,091
2000	8,806,964
1999	11,134,697

Source: Charter Township of Bloomfield audited financial statement

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
March 31, 2008

	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 2,175,190	\$ 381,614	\$ 152,707	\$ 372,371	\$ 208,921	\$ 451,315	\$ 189,162	\$ 1,733,375	\$ 1,907,595	\$ 7,572,250
Receivables										
Interfund construction advances	-	-	-	-	49,000	-	-	-	-	49,000
Other	-	-	-	-	-	6,331	-	-	257,628	263,959
Prepaid items	-	-	-	-	114,001	-	-	-	-	114,001
<b>TOTAL ASSETS</b>	<u><u>\$ 2,175,190</u></u>	<u><u>\$ 381,614</u></u>	<u><u>\$ 152,707</u></u>	<u><u>\$ 372,371</u></u>	<u><u>\$ 371,922</u></u>	<u><u>\$ 457,646</u></u>	<u><u>\$ 189,162</u></u>	<u><u>\$ 1,733,375</u></u>	<u><u>\$ 2,165,223</u></u>	<u><u>\$ 7,999,210</u></u>
<b>LIABILITIES</b>										
Accounts payable	\$ 46,614	\$ 8,044	\$ 1,706	\$ 16,989	\$ 33,298	\$ 21,099	\$ -	\$ 40,099	\$ 36,134	\$ 203,983
Deferred revenue	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>46,614</u>	<u>8,044</u>	<u>1,706</u>	<u>16,989</u>	<u>33,298</u>	<u>21,099</u>	<u>-</u>	<u>40,099</u>	<u>36,134</u>	<u>203,983</u>
<b>FUND BALANCES - UNRESERVED</b>										
Undesignated	2,128,576	373,570	151,001	355,382	338,624	436,547	-	1,693,276	2,129,089	7,606,065
Designated	-	-	-	-	-	-	189,162	-	-	189,162
	<u>2,128,576</u>	<u>373,570</u>	<u>151,001</u>	<u>355,382</u>	<u>338,624</u>	<u>436,547</u>	<u>189,162</u>	<u>1,693,276</u>	<u>2,129,089</u>	<u>7,795,227</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,175,190</u></u>	<u><u>\$ 381,614</u></u>	<u><u>\$ 152,707</u></u>	<u><u>\$ 372,371</u></u>	<u><u>\$ 371,922</u></u>	<u><u>\$ 457,646</u></u>	<u><u>\$ 189,162</u></u>	<u><u>\$ 1,733,375</u></u>	<u><u>\$ 2,165,223</u></u>	<u><u>\$ 7,999,210</u></u>



# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR SPECIAL REVENUE FUNDS Year Ended March 31, 2008

	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
<b>REVENUES</b>										
Property taxes	\$ 956,197	\$ 397,918	\$ 93,020	\$ 254,329	\$ -	\$ -	\$ -	\$ 1,897,199	\$ -	\$ 3,598,663
Charges for services	250,528	-	-	-	-	-	-	-	7,735	258,263
Licenses, permits and fees	-	-	-	-	-	1,279,877	-	-	666,294	1,946,171
Investment	-	-	-	-	2,875	-	-	-	-	2,875
Fines and forfeitures	-	-	-	939	-	-	53,516	-	-	54,455
Fees	215,863	-	-	-	-	-	-	-	-	215,863
Grants	-	-	-	-	-	-	-	-	481,800	481,800
Reimbursements	-	-	-	-	-	-	-	-	-	-
Miscellaneous	38,104	-	125	38,260	-	272	-	-	157,675	234,436
<b>TOTAL REVENUES</b>	1,460,692	397,918	93,145	293,528	2,875	1,280,149	53,516	1,897,199	1,313,504	6,792,526
<b>EXPENDITURES</b>										
Operating										
General government	-	-	-	-	-	1,180,500	-	-	-	1,180,500
Public works	-	-	-	-	-	-	-	52,655	-	52,655
Public safety	-	354,598	78,897	-	-	-	7,898	-	-	441,393
Community enrichment & development	1,157,330	-	-	285,887	397,413	-	-	-	836,704	2,677,334
Other	-	-	-	-	2,619	-	-	-	-	2,619
	1,157,330	354,598	78,897	285,887	400,032	1,180,500	7,898	52,655	836,704	4,354,501
Capital outlay	7,948	36,204	1,503	-	-	2,708	52,158	2,447,905	25,034	2,573,460
<b>TOTAL EXPENDITURES</b>	1,165,278	390,802	80,400	285,887	400,032	1,183,208	60,056	2,500,560	861,738	6,927,961
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	295,414	7,116	12,745	7,641	(397,157)	96,941	(6,540)	(603,361)	451,766	(135,435)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers (out)	-	-	-	-	400,000	-	-	-	-	400,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	400,000	-	-	-	-	400,000
<b>NET CHANGE IN FUND BALANCES</b>	295,414	7,116	12,745	7,641	2,843	96,941	(6,540)	(603,361)	451,766	264,565
<b>FUND BALANCES, beginning of year</b>	1,833,162	366,454	138,256	347,741	335,781	339,606	195,702	2,296,637	1,677,323	7,530,662
<b>FUND BALANCES, end of year</b>	<u>\$ 2,128,576</u>	<u>\$ 373,570</u>	<u>\$ 151,001</u>	<u>\$ 355,382</u>	<u>\$ 338,624</u>	<u>\$ 436,547</u>	<u>\$ 189,162</u>	<u>\$ 1,693,276</u>	<u>\$ 2,129,089</u>	<u>\$ 7,795,227</u>

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUND Year Ended March 31, 2008

<u>AGENCY</u>	<u>Balance - April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - March 31, 2008</u>
<b>ASSETS</b>				
Cash	<u>\$ 2,174,720</u>	<u>\$ 12,473,787</u>	<u>\$ 11,937,849</u>	<u>\$ 2,710,658</u>
<b>LIABILITIES</b>				
Employees' compensated absences	\$ 1,575,506	112,522	-	\$ 1,688,028
Accounts payable & withholdings	14,476	16,500,112	16,472,952	41,636
Deposits & other liabilities				
Escrow deposits	227,717	139,179	40,077	326,819
Developer deposits	244,926	403,350	202,326	445,950
Other	<u>112,095</u>	<u>96,130</u>	<u>-</u>	<u>208,225</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,174,720</u>	<u>\$ 17,251,293</u>	<u>\$ 16,715,355</u>	<u>\$ 2,710,658</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

COMBINING STATEMENT OF NET ASSETS  
OTHER EMPLOYEE BENEFIT TRUST FUNDS  
March 31, 2008

	<u>Retiree Health Care Fund</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 135,361	\$ -	\$ 135,361
Investments			
Mutual funds	<u>-</u>	<u>169,487</u>	<u>169,487</u>
<b>TOTAL ASSETS</b>	135,361	169,487	304,848
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>135,361</u>	<u>169,487</u>	<u>304,848</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 135,361</u>	<u>\$ 169,487</u>	<u>\$ 304,848</u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

## COMBINING STATEMENT OF CHANGES IN NET ASSETS OTHER EMPLOYEE BENEFIT TRUST FUNDS Year Ended March 31, 2008

	<u>Retiree Health Care Fund</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
<b>ADDITIONS</b>			
Dividend Income	\$ -	\$ 5,494	\$ 5,494
Interest Income	11,685	-	11,685
Contributions	-	111,780	111,780
Increase (decrease) in fair value	-	(14,261)	(14,261)
<b>TOTAL ADDITIONS</b>	11,685	103,013	114,698
<b>OTHER FINANCING SOURCES</b>			
Transfers in	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	-	-	-
<b>CHANGE IN NET ASSETS</b>	11,685	103,013	114,698
<b>NET ASSETS, beginning of year</b>	<u>123,676</u>	<u>66,474</u>	<u>190,150</u>
<b>NET ASSETS, end of year</b>	<u>\$ 135,361</u>	<u>\$ 169,487</u>	<u>\$ 304,848</u>

The accompanying notes are an integral part of these financial statements.



Certified Public Accountants

A. H. Magnus, Jr., CPA • Thomas D. Carroll, CPA • Kathleen A. Jenkins, CPA  
Donna S. Smith, CPA • James M. McAulliffe, CPA

September 29, 2008

Mr. David Payne, Supervisor  
and Board of Trustees  
Charter Township of Bloomfield, Michigan  
County of Oakland, State of Michigan

Dear Ladies and Gentleman:

We have recently completed our audit of the financial statements of the Charter Township of Bloomfield, Michigan, (The "Township") for the year ended March 31, 2008. We would like to thank the Township staff for their assistance throughout the audit. During our audit, we became aware of a matter that we would like to bring to your attention. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated July 31, 2008, on the financial statements of the Township.

**Upcoming Reporting Change** – The Governmental Accounting Standards Board has recently released Statement Number 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government un recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the Township to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

We have discussed recommendations to improve operation or strengthen controls with various township personnel during the course of the audit.

We will be pleased to discuss them in further detail at your convenience. We appreciate the opportunity to serve you.

Very truly yours,

JENKINS, MAGNUS, VOLK & CARROLL, P.C.

A handwritten signature in cursive script, appearing to read "Kathleen A. Jenkins", is written over the printed name.  
Kathleen A. Jenkins, CPA

KAJ:rs

pc: State of Michigan

Engagement\34-02498\2007 000 March Year End\Financial Statements\Summary Letter to Board